

AMENDED IN SENATE SEPTEMBER 14, 2001

AMENDED IN SENATE AUGUST 28, 2001

AMENDED IN SENATE JUNE 19, 2001

CALIFORNIA LEGISLATURE—2001–02 SECOND EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 26

Introduced by Assembly Member Calderon

May 17, 2001

~~An act to amend Section 353.13 of the Public Utilities Code, relating to public utilities.~~ *act to amend Section 32960 of the Financial Code, to amend Sections 25415 and 25443 of the Public Resources Code, and to amend Section 353.13 of the Public Utilities Code, relating to energy, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 26, as amended, Calderon. Electrical energy: *State Energy Resources Conservation and Development Commission*: energy loans: electrical corporations: tariffs.

(1) *The existing State Assistance Fund for Enterprise Act of 1989 establishes the State Assistance Fund for Energy, California Business and Industrial Development Corporation. Under the act, the corporation, until July 1, 2001, is authorized to make energy efficiency improvement loans to small businesses for a fixed rate of interest for a term not exceeding 5 years.*

This bill would extend the operative date of the act until July 1, 2011.

(2) *Under existing law, a school, hospital, public care institution, or a unit of local government may submit an application to the State Energy Resources Conservation and Development Commission for an*



allocation for the purposes of financing projects such as energy audits, energy conservation and operating procedures, energy conservation measures, energy conservation projects, and technical assistance programs. Existing law requires each eligible institution to which an allocation has been made to repay the principal amount of the allocation, plus interest, as specified. Under existing law, the commission, except as specified, must periodically set interest rates on the loans based on surveys of existing financial markets and at rates not lower than the Pooled Money Investment Account.

This bill would instead require the interest rates to be not less than 3% per annum.

(3) Existing law requires the commission to provide loans to local jurisdictions for purposes that include purchase, maintenance, and evaluation of both energy efficient equipment for existing and new facilities and small power production systems, and to improve the operating efficiency of existing local transportation systems. Existing law requires the commission, except as specified, to periodically set interest rates on the loans based on surveys of existing financial markets and at rates not lower than the Pooled Money Investment Account.

This bill would instead require the interest rates to be not less than 3% per annum.

Existing

(4) Existing law requires the Public Utilities Commission to require each electrical corporation to establish new tariffs on or before January 1, 2003, for customers using distributed energy resources.

This bill would require the commission, in establishing those tariffs, to consider coincident peakload, and the reliability of the onsite generation, as determined by the frequency and duration of outages, so that customers with more reliable onsite generation and those that reduce peak demand pay a lower cost-based rate.

(5) The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~ ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. *Section 32960 of the Financial Code is amended*
2 *to read:*

32960. This chapter shall become inoperative on July 1, ~~2001~~
2011, and, as of January 1, ~~2002~~ 2012, is repealed, unless a later
enacted statute, which becomes effective on or before January 1,
~~2002~~ 2012, deletes or extends the dates on which it becomes
inoperative and is repealed.

*SEC. 2. Section 25415 of the Public Resources Code is
amended to read:*

25415. (a) Each eligible institution to which an allocation has
been made under this chapter shall repay the principal amount of
the allocation, plus interest, in not more than 22 equal semiannual
payments, as determined by the commission. The first semiannual
payment shall be made on or before December 22 of the fiscal year
following the year in which the project is completed.

(b) Notwithstanding any other provision of law, the
commission shall, unless it determines that the purposes of this
chapter would be better served by establishing an alternative
interest rate schedule, periodically set interest rates on the loans
based on surveys of existing financial markets and at rates not
~~lower than the Pooled Money Investment Account~~ less than 3
percent per annum.

(c) The governing body of each eligible institution shall
annually budget an amount at least sufficient to make the
semiannual payments required in this section. The amount shall
not be raised by the levy of additional taxes but shall instead be
obtained by a savings in energy costs.

*SEC. 3. Section 25443 of the Public Resources Code is
amended to read:*

25443. (a) Principal and interest payments on loans under
this article shall be returned to the commission and shall be used
to make additional loans to local jurisdictions pursuant to Section
25442 or to provide financial assistance to local jurisdictions
pursuant to Section 25441.

(b) Notwithstanding any other provision of law, the
commission shall, unless it determines that the purposes of this
chapter would be better served by establishing an alternative
interest rate schedule, periodically set interest rates on the loans
based on surveys of existing financial markets and at rates not
~~lower than the Pooled Money Investment Account~~ less than 3
percent per annum.

1 SEC. 4. Section 353.13 of the Public Utilities Code is
2 amended to read:

3 353.13. (a) The commission shall require each electrical
4 corporation to establish new tariffs on or before January 1, 2003,
5 for customers using distributed energy resources, including, but
6 not limited to, those that do not meet all of the criteria described
7 in Section 353.1. However, after January 1, 2003, distributed
8 energy resources that meet all of the criteria described in Section
9 353.1 shall continue to be subject only to those tariffs in existence
10 pursuant to Section 353.3, until June 1, 2011, except that
11 installations that do not operate in a combined heat and power
12 application will be subject to those tariffs in existence pursuant to
13 Section 353.3 only until June 1, 2006. Those tariffs required
14 pursuant to this section shall ensure that all net distribution costs
15 incurred to serve each customer class, taking into account the
16 actual costs and benefits of distributed energy resources,
17 proportional to each customer class, as determined by the
18 commission, are fully recovered only from that class. The
19 commission shall require each electrical corporation, in
20 establishing those rates, to ensure that customers with similar load
21 profiles within a customer class will, to the extent practicable, be
22 subject to the same utility rates, regardless of their use of
23 distributed energy resources to serve onsite loads or
24 over-the-fence transactions allowed under Sections 216 and 218.
25 Customers with dedicated facilities shall remain responsible for
26 their obligations regarding payment for those facilities.

27 (b) The commission shall prepare and submit to the
28 Legislature, on or before June 1, 2002, a report describing its
29 proposed methodology for determining the new rates and the
30 process by which it will establish those rates.

31 (c) In establishing the tariffs, the commission shall consider
32 coincident peakload, and the reliability of the onsite generation, as
33 determined by the frequency and duration of outages, so that
34 customers with more reliable onsite generation and those that
35 reduce peak demand pay a lower cost-based rate.

36 SEC. 5. *This act is an urgency statute necessary for the*
37 *immediate preservation of the public peace, health, or safety*
38 *within the meaning of Article IV of the Constitution and shall go*
39 *into immediate effect. The facts constituting the necessity are:*

1 *In order to implement energy conservation and efficiency*
2 *measures as soon as possible, to protect the public peace, health,*
3 *and safety, it is necessary that this act take effect immediately.*

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